XL PET 9 LIBYA

Department of State

XL PET 15 2 LIBYA

XL PET 3 OPEC

XL EN 10 LIBYA

TELEGRAM

199

CONFIDENTIAL 102

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EXCISE

22
ACTION AF-13

INFO OCT-01 EUR-20 E-11 AID-20 NSC-10 RSC-01 CIEP-01
SAL-02 SS-14 STR-08 OMB-01 CIAE-00 COM-08 FRB-02
INR-06 NSAE-00 TRSE-00 XMB-06 OPIC-12 LAB-06 SIL-01
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FPC-01 RSR-01 /193 W

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cf DATE 6/28/81
PORTIONS DENIED AS INDICATED

R 290758Z DEC 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 0000
INFO AMEMBASSY BENGHAZI
AMEMBASSY LONDON

C O N F I D E N T I A L TRIPOLI 2358

SUBJECT: LIBYANS EASING PRESSURE ON DOLLAR PARITY ISSUE

REF: TRIPOLI 2188 AND PREVIOUS Pet 6 LIBYA EN 10 LIBYA

SUMMARY: MINISTRY OF PETROLEUM DECISION TO SET UP MINIATURE "VIENNA TYPE" WORKING GROUP WITH ESSO TO DISCUSS DOLLAR PARITY ISSUE [redacted] MAY INDICATE LIBYANS ADOPTING A MORE CAUTIOUS PETROLEUM POLICY IN WAKE OF BP NATIONALIZATION AND ON EVE OF OPEC GENEVA MEETING. END SUMMARY B4

1. [redacted] ESSO BROUGHT EMBASSY UP TO DATE DEC 27 ON PROGRESS OF SLOW AND PAINFUL TALKS BETWEEN COMPANY AND MINISTRY PETROLEUM RE DOLLAR PARITY QUESTION. AFTER ESSO MADE NOVEMBER PAYMENTS DEDUCTING AMOUNT LARG HAD PREVIOUSLY ATTACHED (REFTEL), THERE HAD BEEN A SERIES OF INCONCLUSIVE MEETINGS BETWEEN ESYSALIBYA PRESIDENT GOERNER AND MINISTER OF PETROLEUM MABRUK AND ALSO BETWEEN COX (ESSO VICE PRESIDENT) AND UNDER SECRETARY OF PETROLEUM MUNTASSIR. DIRECTOR GENERAL OF ECONOMIC AFFAIRS OMAR AL-BADRI HAD ALSO MET WITH BOTH ESSO EXECUTIVES TRYING TO PLAY ROLE OF BENIGN GO-BETWEEN. DISCUSSIONS WHICH HAD SPREAD OVER MANY B4

(5)

SESSIONS DURING EARLY DECEMBER HAD ALWAYS FOUNDERED WHEN LIBYAN SIDE INSISTED ON PAYMENT ACCORDING TO NEW COMPUTATIONS AND THEN DISCUSSION. [redacted] B4

[redacted] AFTER MUCH DISCUSSION BOTH SIDES FINALLY AGREED COX WOULD WRITE MUNTASSIR A LETTER AGREEING TO THE ESTABLISHMENT OF A LOCAL "WORKING GROUP" TO DISCUSS THE CHANGE IN THE VALUE OF THE DOLLAR AND THE EFFECTS THIS HAS HAD ON THE LIBYAN DINAR'S PURCHASING POWER ABROAD. TERMS OF REFERENCE WERE KEPT DELIBERATELY VAGUE TO PERMIT BOTH SIDES TO TABLE ANY BUSINESS THEY FELT WAS GERMANE. COX HAS TOLD MUNTASSIR HE WILL NEED TIME TO BRIEF HIMSELF ON COMPLEXITIES OF DOLLAR PARITY ISSUE AND MAY EVEN REQUEST TECHNICAL HELP FROM ESSO'S NEW YORK OFFICE. MUNTASSIR HAS ACCEPTED THESE POINTS AND PLACED COX UNDER NO PRESSURE TO BEGIN TALKS. MUNTASSIR HAS STATED, HOWEVER, THAT DISCUSSIONS IN LIBYA WILL BE INDEPENDENT OF OPEC SESSIONS IN GENEVA WHICH LARG MAY OR MAY NOT ATTEND.

2. [redacted] B4

3. COMMENT [redacted] B4 B1

[redacted] GP-4.

PALMER